



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012--  
(213) 974-1101  
<http://cao.co.la.ca.us>

DAVID E. JANSSEN  
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September 13, 2004

To: Supervisor Don Knabe, Chairman  
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Supervisor Zey Yaroslavsky  
Supervisor Michael D. Antonovich

From: David E. Janssen  
Chief Administrative Officer

**MOTION TO ENDORSE PROPOSITION 61 – CHILDREN’S HOSPITAL BOND  
(ITEM NO. 70-A, AGENDA OF SEPTEMBER 14, 2004)**

Item number 70-A on the September 14, 2004 agenda is motion by Supervisor Knabe to endorse Proposition 61, the Children’s Hospital Bond Act, which is on the November 2, 2004 ballot

Proposition 61 would authorize the State to sell \$750 million in general obligation bonds to finance improvement projects in children’s hospitals. Eligible hospitals would be able to use the bond funds for various purposes including construction, expansion, remodeling, renovating, furnishing, equipping, financing, or re-financing existing projects.

Eighty percent of the bond proceeds would be made available to non-profit children’s hospitals on a grant basis to be administered by the California Health Facilities Financing Authority (CHFFA). The remaining twenty percent is allocated exclusively to children’s hospitals operated by the University of California, specifically UC Davis, UCLA, UC Irvine, UC San Francisco, and UC San Diego. County-operated hospitals are not eligible to participate in programs supported by the bond.

In awarding funds, the CHFFA would need to consider several factors including 1) whether the grant would contribute toward the expansion or improvement of health care access to children who are eligible for governmental health insurance programs, or who are indigent, underserved, and uninsured children, 2) whether the grant would contribute to the improvement of child health care or pediatric patient outcomes, 3) whether the hospital provides uncompensated or undercompensated care to indigent or publicly-responsible pediatric patients, 4) whether the hospital provides services to vulnerable pediatric

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populations, 5) whether the hospital promotes pediatric training and research, and 6) a demonstration of project readiness and feasibility.

The State Legislative Analyst's Office (LAO) estimates that, assuming a 5.25 percent interest rate and a 30-year repayment schedule, the cost to the State General Fund would be about \$1.5 billion (\$750 million principal and \$756 million interest). The LAO further indicates that Children's Hospital Los Angeles and Miller Children's Hospital in Long Beach, along with six other non-profit children's hospitals in the state, would likely be eligible to participate in the grant program supported by the bond.

Proposition 61 is sponsored by the California Children's Hospital Association (CCHA) which represents private non-profit children's hospitals including Packard Children's Hospital at Stanford, Children's Hospital and Research Center at Oakland, Children's Hospital Los Angeles, Children's Hospital Orange County, Loma Linda Children's Hospital, Miller Children's Hospital, Long Beach, and Children's Hospital Central California. The measure is also supported by Santa Clara County, the California State PTA, and the State Building and Construction Trades Council of California.

The measure is opposed by Gary B. Wesley, Attorney at Law, the California Republican Party, and the Orange County Taxpayers Association.

Although the County's hospitals would be ineligible to participate in the bond, **the Department of Health Services indicates that Proposition 61 would be beneficial in assuring access to specialized services for vulnerable children, and recommends support for the measure, and we concur. However, because there is no existing County policy regarding the issue of public bond financing for children's hospitals, support for this measure is a matter for Board policy determination.**

DEJ:GK  
MAL:JF:ib

c: Executive Officer, Board of Supervisors  
County Counsel  
Director of Health Services